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English only

Ad Hoc Working Group on the Durban Platform for Enhanced Action
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Agenda item 3
Implementation of all the elements of decision 1/CP.17

Submission from the African Group

1. On 4 December 2014, the secretariat received a submission from a group of Parties. The secretariat was requested to issue a conference room paper containing this submission.

2. This submission is attached and reproduced* in the language in which it was received and without formal editing.[1]

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* This submission has been electronically imported in order to make it available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

[1] Also available at <http://www4.unfccc.int/submissions/SitePages/sessions.aspx?showOnlyCurrentCalls=1&populateData=1&expectedsubmissionfrom=Parties&focalBodies=ADP>.

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Submission from the African Group

Proposal from the African Group
on
Draft Elements on Finance under the ADP
Lima Elements on Climate Finance

I- Guiding principles:

1. Finance, including for the transfer of technology, is a crucial and key element in the post 2015 outcome in Paris. The COP, in its decision on long-term finance in Warsaw, recognized the importance of providing clarity on the level of financial support that will be provided by developed country Parties to developing country Parties to allow for enhanced implementation of the Convention (Para. 4 of Decision 3/CP.19).

2. Climate finance, based on principles and provisions of the Convention-through the enhancement of existing mechanisms, and in fulfillment of obligations contained Article 4.3 of the Convention in particular on the financing for adaptation.

3. In the implementation of the paris outcome parties shall take into account the provisions of article4, paragraphs 4,5,7,8 and 9 of the Convention,

4. The implementation of the outcome shall take into consideration the need for adequacy and predictability in flows of funds and the clarity of appropriate burden sharing among developed countries,

5. The mobilization and provision of finance should deliver adequate and predictable funding for the full and enhanced implementation , enhance addressing of climate change as part of promoting sustainable development in particular in developing countries including through enabling enhanced mitigation and adaptation actions

6. Disbursement of financial resources will ensure equal allocation between adaptation and mitigation, ensure equitable distribution between different regions of developing countries, enhance country ownership

Anchoring Institutions under the Legal Agreement

What are the institutions we need to play an active role in receiving, disbursing, monitoring and evaluating climate finance? Can we anchor them in the legal agreement?

- The agreemnt should use the diversity of available channels and instruments in the provision of financial support and the mobilization of climate finance, *including the standing committee, the green climate fund GCF, the GEF, as a priority being the operating entities of the financial mechanism, the adaptation fund*
- We have the GCF, whose board we gave the mandate to become, over time, " the main global fund for climate change." We have the Adaptation Fund, the GEF, the LDCF and SCCF. We have the technical bodies- the SCF, adaptation committee, Loss and damage and the TEC and CTCN. We also have MRV system current under-development. They must be anchored in the legal outcome.

1. We propose that the financial mechanism of the Convention shall serve as the financial mechanism of the legal agreement. The related funds established under the Kyoto Protocol under the financial mechanism of the Convention shall also serve as instruments of the legal agreement. This will also apply to all rules and guidelines developed by the COP and CMP in relation to the operation of the financial mechanism, its operating entities, and associated Funds. This will also apply to decisions related to the transparency and MRV of support.

2. Decision can address additional rules of these mechanism and institutions in supporting the implementation of the legal agreement, where appropriate. For example: Clear roles should be agreed on the two existing operating

entities of the financial mechanism of the Convention, and coherence achieved in climate finance channeled through other financing institutions.

Addressing the Scale of Resources

What is the scale of resource required for us to keep the temperature below 2/1.5 degrees? What are the trajectories and mid-term targets and goals we need to ensure low-emissions and climate resilient development?

1. Scaling up and enhancing the provision of financial resources, including investment, for developing countries is a key component of the international community's current efforts to address long term cooperative action in the post 2020 period

2. The scaling-up of climate finance to provide the necessary financing, access to technology, and capacity building is absolutely essential for us to meet the goal of below 2 degrees temperature increase, in line with the needs of developing countries.

3. The legal agreement must also ensure predictability and transparency in the provision of resources, through individual quantified targets on the provision of financial resources for developing countries to enhance the implementation of the Convention.

4. A short-term collective quantified goal that defines the expected, scaled up climate finance level for the post 2020 period should be determined, in order to enhance predictability of the provision of climate finance, indicating specific levels of public sources to be provided.

5. The importance of providing clarity on the level of support, in particular financial support, that will be provided to developing countries to allow for enhanced implementation of the Convention and in particular with regard to adaptation, is a crucial element to create the necessary conditions for enhanced participation of developing countries in the global effort to combat climate change and adapt to its adverse effects.

6. It should be regularly scaled up and based on ex-ante process to commit to quantified support relative to the required effort and in line with countries needs as identified by them thus enhancing country ownership.

7. The provisions of finance will take into consideration the commitment of 100 billion dollars annually by 2020 as the floor for climate finance provided by developed countries, and apply clear burden sharing process to calculate the contributions of developed countries while ensuring additionality, predictability and sustainability of resources

Contributions under the Legal Agreement

Who contributes, and how do they contribute?

1. The Convention articles and principles and the relevant COP decisions provide the needed guidance, in this regard, Annex II countries have the principle and main responsibility in providing provisions of support including finance, while ensuring the suitability, predictability and additionally

2. A number of proposals to address the contribution of resources under the legal agreement. These proposals can be categorized into three overarching components: predictable financial contributions by developed country governments; increasing options for leveraging a greater share of the carbon market-related proceeds including options for carbon pricing; and raising contributions via alternative and innovate sources of finance.

3. In the context of CBDR&RC, the legal agreement should specify the responsibilities of parties to contribute financial resources for the enhanced implementation of low emission and climate resilient development in developing countries.

4. Clear burden sharing arrangements among Annex II Parties should be established to identify the flows of financial support from developed countries, including through, *inter alia*, the application of assessed scale of contributions of developed countries

Sources of Finance

What are the sources of finance and what role does the COP and/or future governing bodies play in helping set the regulatory frameworks to harness various sources of finance? In this regard, how do we ensure fiscal sovereignty and address issues related to incidence in developing countries.

1. Parties should consider options for a comprehensive conversation on sources and options for mobilizing climate finance with the aim of scaling up resources.

2. While stressing that public sources are the main source of finance, we note a range of views that the scale of resources needed and the type of investments required will make it necessary for governments to work more closely together with the private sector. Private sector investors, such as banks, pension funds and insurance companies, already constitute an important sources of climate finance, there is however significant potential to increase their roles in generating revenues for projects and in developing countries.

3. Developed country parties shall incentivize the private sector to provide funding to developing countries,

4. Different sources needs to be considered based on clear criteria to avoid incidence on developing countries, and clarify the sources sustainability and predictability and additionally.